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HEAVY HITTERS, SECTION B

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# BECOMING A HEAVY HITTER

BY CHRISTINE PEREZ | STAFF WRITER

**Colliers International broker David English remembers the exhilaration he felt on the verge of doing his first big commercial real estate deal. It was 1986, and he was fresh out of college. He had one nice suit that he kept neatly pressed for showing properties.**

After months of hounding a prospect, English finally talked the guy into taking a look at a shopping center he was trying to lease.

"I got there early," English recalls. "I brought along a can of air freshener, as the building had been vacant for a while and smelled kind of nasty."

The tour went well. The prospect was saying all the right things and sending vibes that he was ready to do a deal. Excited, English led the prospect outside to negotiate — and was horrified to see a vagrant, holding a bottle of whiskey, urinating on the side of the building.

English desperately tried to prevent the prospect from witnessing the scene, but to no avail.

"He looked at me and just shook his head," English says. "I said, 'How much free rent do you want?' But the guy just walked away."

During the long drive back to the of-

fice, English began to question his career choice.

"I kept thinking about all that preparation, all that work, and asking myself, 'Why am I doing this?'" he says. "But I woke up the next day and the fire was back. I thought, 'Maybe this is the day they don't say no.'"

Becoming a commercial real estate heavy hitter — especially in a fiercely competitive market like Dallas — is no easy feat. It typically takes years of rejection before brokers get their first "yes." And many times they spend months working on deals, only to have them fall apart at the signing table.

So what is it about the business that lures so many hopefuls? And what exactly does it take to rise to the top?

The obvious appeal is the cash.

"It's the unlimited potential; that's why we're all here," English says. "At any moment, you could pull down that lever and the money could just start flying at you."

English originally planned to be a physi-

cal therapist, but he hated the required chemistry classes. A school counselor at Tescu Tech University told him about a new program the school was offering in finance with a concentration in real estate.

At English's first real estate class, the professor, a part-time broker, asked if the students had bought all the books and brought along their syllabus.

"OK," the professor said, "I want you to take all that crap and throw it in the trash, because it won't do you any good."

"I thought to myself, 'This is my kind of guy,'" English says. "He's the one who really got me fired up about real estate."

After graduating, English went to work for Dallas developers Tom and Phil Brosseau, then for Transwestern Commercial Services, where he focused on land and retail deals. He was there for nine years before former Brosseau colleague Greg

Pierce convinced him to join him at Corrigan Real Estate Services, which merged

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with Colliers International in 2004.

Pierce had been in the business since the 1970s, getting his real estate education at Southern Methodist University. He began his career at Henry S. Miller Commercial and also did development work with the Brosseau brothers and with Mike Hopkins for retail guru Herb Weitzman.

By 2001, English and Pierce decided to join forces, pursuing deals together and evenly splitting the proceeds.

"It has worked out really well for both of us," English says. "For any type of partnership, whether it be marriage or a business relationship, there is a litmus test. Do you get along, do you have fun, do you ever squabble? We have never fought over money. That's not always the case with other broker teams. A lot of times money and ego get in the way."

Pierce says the partnership makes sense because he and English have different strengths.

"He's macro and I'm micro," he says. "I might be working on the details of a complicated ground lease while David's out working on a large land assemblage. The partnership works because we focus on what we do best and always put our clients' needs first — and because we don't keep score."



## DYNAMIC DUO:

Greg Pierce, left, and David English, executive vice presidents at Colliers International, joined forces in 2001 to fight real estate battles together.

## **Commissions and splits**

In the eat-what-you-kill world of commercial real estate, brokers are hired on a commission-only basis, though some firms pay rookies a small base salary for a few months.

Fees vary from deal to deal and from broker to broker, but tenant representatives typically collect a commission of 4.5% on the base rent, excluding maintenance and utilities and other expenses. Half of the commission usually is paid after the lease is signed; the other half comes when the tenant begins paying rent.

From time to time, tenant reps may agree to a per-square-foot fee, rather than a percentage commission.

Compensation varies on the landlord side, too, but often it's 2% of the base rent. Sometimes, the tenant and landlord brokers will split the total commission in half or divvy it up in other ways.

For investment property sales, commissions typically are paid by the seller and range from 6% on smaller deals to as little as 1% or less on mega-million-dollar deals. Buyers sometimes use brokers and pay commissions, too.

Unless you're an independent broker, commissions are split with the company that employs you. Splits are determined by production brackets and differ from firm to firm. Typically, the splits start at 50-50, with the broker and the company evenly divvying things up. The ratios may change once a broker brings in \$100,000, \$200,000 or \$300,000 — whatever point is negotiated upon hiring — and again at higher levels. The more income a broker generates for a firm, the larger cut he or she gets to keep.

The splits fund a real estate firm's operating costs, including office space, research help and administrative support. Brokers, who act as independent contractors, are charged by the firms for various business costs, such as marketing materials, computers, long-distance phone calls and other expenses.

"Everything is negotiable," Pierce says. "In this business, there are no standard fees on anything. People think we make a lot of money and we do OK, but a lot of people get their fingers in it, too."

## **Tough times**

Some firms pay brokers higher salaries and don't put so much emphasis on commissions. That's the strategy at Dallas-based Capstar Commercial Real Estate Services, whose sole focus is project leasing and property management.